



WHOLESALE OR LIMITED PURPOSE

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 22, 2002

Community Reinvestment Act Performance Evaluation

Chevron Credit Bank, National Association
Charter Number 23139

488 East Winchester Street, Suite 300
Murray, UT 84107

Comptroller of the Currency
Western District
50 Fremont Street Suite 3900
San Francisco, CA 94105

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

Institution's CRA rating:

This institution is rated Satisfactory.

The conclusions for the three rating criteria are:

- The bank demonstrates an adequate level of community development services and qualified investment activity, particularly investments that are not routinely provided by private investors.
- The bank demonstrates rare use of innovative or complex qualified investments, community development loans, or community development services.
- The bank demonstrates excellent responsiveness to credit and community development needs in its assessment area.

Scope of the Examination

In evaluating the bank's performance under the Community Reinvestment Act (CRA), we reviewed community development activities from March 9, 1998, through July 22, 2002. We reviewed the level and nature of qualified investments and community development services. At the bank's request, we also considered qualified investments provided by its affiliates. At the prior examination dated March 9, 1998, we rated the bank Satisfactory.

If a bank has adequately addressed its assessment area (AA) needs, the OCC considers activities that benefit areas outside of its AA in the evaluation of its performance. The bank has adequately addressed the needs of its AA, and therefore, outside of AA qualified investments were considered in evaluating its performance.

Description of Institution

Chevron Credit Bank, N.A., (CCB) has a single office located in Murray, Utah, in Salt Lake County. CCB was chartered on December 16, 1996, as a Competitive Equality Banking Act (CEBA), credit card bank. The bank simultaneously received its designation as a limited-purpose institution for purposes of the CRA. CCB offers proprietary credit cards. The bank's CEBA status limits its ability to accept deposits and extend loans outside the credit card scope of operations. CEBA designated institutions' CRA performance is evaluated under the Community Development Test. This test focuses on qualified community development investments, qualified community development services, and qualified community development affiliate activities.

Chevron Credit Bank, N.A., is a subsidiary of Chevron USA, Incorporated, which is a subsidiary of ChevronTexaco Corporation. ChevronTexaco Corporation is a global petroleum company with assets

totaling more than \$77 billion as of December 31, 2001. The bank's affiliate, Chevron Credit Card Enterprises, Incorporated, (CCCE) performs a majority of CCB's operational activities and is located in Concord, California. CCB has only ten employees; five are in the Murray, Utah, bank location, and five are at CCCE in Concord, California. The bank reported a net income of nearly \$4 million for 2001. At year-end 2001, assets and equity capital totaled \$109 million and \$42 million, respectively. Total assets reflect the bank's practice of selling on a daily, non-recourse basis, all of its receivables generated by credit card accounts to a securitization trust. Daily receivable sales average \$7.5 million.

Table 1: Financial Information (000s)

	Year-end 1998	Year-end 1999	Year-end 2000	Year-end 2001	Most Recent Quarter- end 03/31/2002	Average for Evaluation Period
Tier 1 Capital	14,636	12,448	39,064	41,811	27,391	27,070
Total Income	46,847	47,711	51,807	67,354	58,692	54,482
Net Operating Income	24,839	25,271	6,484	6,198	5,856	13,726
Total Assets	62,550	63,915	121,590	109,494	157,467	103,003
Pass Through Receivables	459,770	488,946	567,206	468,858	440,500	485,056

Source: Consolidated Report of Condition and Income and bank reported data.

Description of Assessment Area

Chevron Credit Bank, N.A.'s assessment area meets the technical requirements of the Act and does not arbitrarily exclude low- and moderate-income census tracts. The bank designated Salt Lake and Davis Counties as its assessment area. Both counties are located within the Salt Lake-Ogden Metropolitan Statistical Area (MSA) in the State of Utah. The assessment area is a mix of urban, suburban, and rural areas comprising 192 census tracts and including nearly 54 percent of Utah's population. The 2001 Department of Housing and Urban Development estimated median family income for the MSA is \$54,300.

According to the 2001 Economic Report to the Governor, the five-year decline in Utah's job growth rate bottomed out in 1999, and the rate of job growth increased slightly in 2000 to 2.6 percent. Despite this moderation, Utah was the 11th fastest growing state in terms of job creation for the period of November 1999 to November 2000. The unemployment rate for the state of Utah was 4.4 percent in 2001, while the rate for the U.S. was 4.8 percent.

Salt Lake County is the most populous county in the state, with an estimated 898,000 residents in 2000. The county's average annual growth rate in the 1990s was 1.7 percent, slightly below the state's 2.3

percent. Salt Lake County’s unemployment rate in 2000 was 3.0 percent. The trade and services sectors comprise over one-half of Salt Lake County’s major industry employment. Eight of the ten largest employers in the county are in the public sector.

Davis County’s population of approximately 239,000 in 2000 makes it the third most populous in the state. The major industries in Davis County are government, trade, and services. Hill Air Force base in 1996 was the largest employer in the county with over 7,000 employees. Davis County’s unemployment rate in 2000 was 3.0 percent. Table 2 below shows the number and percent of census tracts by income level, and the number and percent of families in those tracts.

Table 2: Assessment Area Description

	Number	Low	Moderate	Middle	Upper
Geographies (Census Tracts)	192	4%	22%	50%	24%
Distribution of Families by Income Level	221,715	17%	20%	26%	37%
Businesses by Geography	47,525	5%	25%	48%	22%

Source: Demographic Data - 1990 U.S. Census, Dun & Bradstreet Data.

Banking competition in this assessment area is intense. In addition to the retail and commercial banks located in the assessment area, there are several nationwide finance companies, mortgage companies, credit unions, and one other CEBA bank. There are 41 financial institutions operating 330 offices in the assessment area.

As part of this evaluation, we interviewed one organization whose mission is to facilitate affordable housing in the assessment area. We also reviewed information recently gathered at meetings between regulatory agencies and community organizations supporting affordable housing, economic development, and small business interests. The contacts indicated the primary community development need in the assessment area is affordable housing. Other community development needs include small business financing, multi-family rental housing, and credit education/counseling for both business owners and individual consumers. The State of Utah, through the Utah State Housing Agency, offers low-interest money for home purchase to low- and moderate- income families. However, these funds are limited and there is stiff competition among private investors/financial institutions for dollar allocations.

Conclusions About Performance

Summary

- The overall level of qualified community development investments and services is adequate. We based this conclusion on the bank's adequate level of qualified investments in the AA, the high level of investments outside the AA, and that the qualified investments provided funding sources for community development organizations that are not normally provided by private investors in this AA. We weighed the qualified investments within the AA more heavily than those outside the AA because of their direct benefit to AA community development needs. In addition, the bank's qualified services were targeted and effective, but were limited to some extent because the bank relies on one bank officer to perform essentially all qualified services. Total investments to average receivables are acceptable.
- The bank rarely used innovative or complex qualified community development investments and services. A majority of its qualified investments are grants that are funding sources not normally provided by private investors within this AA. In 1998, a CCB affiliate donated a Chevron Service Station to an organization to manage and operate, with profits going toward neighborhood reinvestment projects.
- Chevron Credit Bank, N.A. showed excellent responsiveness to the community development needs in its assessment area. The bank worked with community based organizations to address the critical issue of affordable housing for low- and moderate-income people in the assessment area. More than 63 percent of the bank's qualified investments in the assessment area went toward affordable housing.

Qualified Investments

During the evaluation period, the bank provided qualified community development investments of \$959,000 in their assessment area or to a greater geographic area that included the assessment area. A bank affiliate provided \$40,000 in qualified community development investments in the assessment area. In addition, a bank affiliate provided \$18.9 million in grants during the examination period that benefited community development initiatives that were nationwide in scope. Table 3 shows the amount of the bank's qualified investment and grant activity that benefited its assessment area and other investments and grants that benefited areas outside the assessment area. Table 4 shows the financial contributions in relation to CCB's financial information.

Table 3: Qualified Investment Activity (000s)

	Benefits AA	Outside AA	Totals
Originated Investments			
Originated Grants	999	18,857	19,856
Prior Period Investments that Remain Outstanding			
Totals	999	18,857	19,856

Table 4: Qualified Investment Percentages

	Benefits AA (%)	Outside AA (%)	Total (%)
Total Investments/Average Tier 1 Capital	3.7%	69.7%	73.4%
Total Investments/Average Total Income	1.8%	34.6%	36.4%
Total Investments/Average Receivables	0.2%	3.9%	4.1%

NOTE: Total Investments is found in Table 3. Average capital, income, and receivables are found in Table 1.

The following examples illustrate the most significant community development investments and grants CCB provided that benefit the assessment area, a greater statewide area that includes the assessment area, or that are beyond the bank's assessment area.

- CCB provided grants totaling \$185,000 to an organization whose mission is to create affordable housing and revitalize and preserve a positive image of neighborhoods within Salt Lake County. The organization develops affordable housing for first time homebuyers and provides low-interest loans to individuals unable to secure financing through traditional lending institutions. CCB's grants were used to facilitate the organization's effort to revitalize a neighborhood located in a low-income area and to defray administrative and operational costs of the organization.
- CCB made deposits totaling \$169,000 in a community development financial institution (CDFI). The institution leveraged these and other deposits to obtain a \$100,000 low-interest loan from the National Credit Union Association to increase the institution's reserve accounts. One requirement of the loan is that the institution must use the funds to grow by matching it with

deposits on a dollar for dollar basis. CCB contributes all interest earned on the deposits back to the CDFI.

- CCB provided grants totaling \$125,000 to an organization that assists low-income families meet their housing needs. CCB grants enabled the organization to complete a full rehab of one low-cost housing complex and complete landscaping and rehab of external grounds at other facilities.
- CCB provided grants totaling \$75,000 to an organization whose mission is to help low-income families obtain affordable homes through volunteer service and client “sweat equity.” CCB’s grants were used to help cover costs associated with home construction costs, to purchase needed software, and to help defray administrative and operating costs.
- CCB provided grants totaling \$100,000 to an organization whose mission is to provide affordable housing development for low- and very low-income and special needs people. CCB’s grants were used to provide furnishings for rehab of housing units and to defray administrative and operating costs.
- CCB provided a grant totaling \$5,000 to assist with costs associated with the organization and formation of a Community Reinvestment Corporation in Utah.
- Chevron USA made fair share contributions to Consumer Credit Counseling Service (CCCS) in Utah totaling \$78,000 and to CCCS organizations across the country totaling more than \$1.6 million. CCCS determines the fair share based on the amount of accounts collected on behalf of the bank.
- Chevron USA provided grants totaling more than \$7.2 million to United Way organizations that certified that 51 percent or more of the donated funds went to agencies and activities targeted toward low- or moderate-income individuals. These organizations were outside the Assessment Area.
- Chevron USA provided \$50,000 to an organization whose mission is to help low-income families obtain affordable homes. The grant was used to pay all construction costs for a home.
- In February 1999, Chevron USA partnered with a non-profit development corporation dedicated to recovering blighted urban areas while providing comprehensive and sustainable revitalization through private sector partnerships. Chevron USA donated a new Chevron Service station in a low- to moderate-income neighborhood on a formerly blighted property. Chevron entered into a million dollar alliance enabling the development corporation to purchase the property and build a brand new, state of the art Chevron Station to be operated by the corporation, with all revenue returning to the non-profit for further community development. The station value is between \$2 and \$2.5 million. This is the second of two service stations

opened under the partnering arrangement with the non-profit development corporation.

- In 2001, Chevron/Texaco USA provided a grant of \$10 million to a 9/11 Relief Fund.

Community Development Services

Chevron Credit Bank, N.A.'s community development services are targeted to organizations and programs that address the affordable housing and social services needs of low- and moderate-income people. The bank's CRA Officer has demonstrated leadership and taken active roles through his Board and committee memberships in organizations that reflect the most pressing community development needs in the AA. While the community development services are not complex or innovative, they are very responsive to identified community development needs. The following is a list of notable community development services performed by the bank.

The bank's CRA Officer provided financial expertise by serving on the Board of Directors of an organization whose mission is to create affordable housing and revitalize and preserve a positive image of neighborhoods within Salt Lake County. The organization develops affordable housing for first time homebuyers and provides low-interest loans to individuals unable to secure financing through traditional lending institutions. Additionally, the bank was selected as the recipient of the Outstanding Lender Award of 1998. This award is presented annually to recognize an individual or business that has taken a leadership role in helping the organization promote revitalization efforts. Since 2000, the credit committee approved 34 affordable housing loans within low-income areas of Salt Lake City. Thirteen of these loans were first mortgages. The remaining 21 were rehab second mortgage loans.

A bank officer served as a member of a nonprofit organization's committee that provided financial counseling of prospective homeowners, tracked "sweat equity," and acted as a liaison between the client and the organization. The organization's mission is to help low-income families obtain homes through volunteer service and client "sweat equity." The bank officer has also provided financial expertise and knowledge of consumer law regulatory requirements as a member of the organization's Board of Directors since November 1999. In 2000, the committee selected four families for a five-home Planned Unit Development (PUD) project in Midvale, UT, and began the selection process for a 16-home PUD project in Magna, UT.

A bank officer provided financial expertise by serving as a member of the Board of Directors of a nonprofit organization whose mission is to provide services targeted to low- or moderate-income individuals. The officer served as Board Chairperson for a division of this organization responsible for transitional housing for low-income individuals with physical disabilities.

A bank officer provided financial expertise by serving as a member of the Credit Committee for a nonprofit microenterprise organization.

Two bank officers and a bank employee served as participants on a working committee addressing the organizational issues involved in the formation process of a state-wide Community Reinvestment

Corporation (CRC) in Utah. The goal of the CRC is the creation of a statewide pool to provide financing for affordable housing in the State of Utah.

Compliance with Anti-Discrimination Laws and Regulations

An analysis of four years' public comments and consumer complaint information was performed according to the OCC's risk-based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in the fourth quarter of 1999 and did not disclose any violations of anti-discrimination laws and regulations.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate - Any company that controls, is controlled by, or is under common control by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Assessment Area (AA) - A geographic area which consists generally of one or more MSAs (using the MSA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the bank has its main office, branches, and deposit-taking ATMs.

Benefit to Assessment Area - A qualified Community Development activity benefits the assessment area if (i) the activity benefits areas within the assessment area, or (ii) the activity benefits a broader statewide or regional area that includes the bank's assessment area. If a bank has adequately addressed the needs of its assessment area, then the OCC also considers activities submitted by the bank that benefit areas outside of its assessment area.

CEBA - Competitive Equality Banking Act of 1987 which permitted corporations to form limited purpose credit card banks, whose operations are restricted to credit card activities, without the corporation becoming subject to the limitations of a "bank holding company" under the Bank Holding Company Act. A CEBA credit card bank engages only in credit card operations, does not accept demand deposits or savings or time deposits of less than \$100M (other than to secure extensions of credit), maintains only one office and does not engage in the business of making commercial loans.

Census Tract (CT) - Small, locally defined statistical areas within metropolitan areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten-year census and an average population of 4,000.

Community Development (CD) - Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA) - The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Geography - A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Limited Purpose Institution - An institution that offers only a narrow product line (such as credit cards or automobile loans) to a regional or broader market and for which a designation as limited purpose bank is in effect. A limited-purpose institution continues to meet the narrow product line requirement if it only infrequently provides other types of loans

Median Family Income (MFI) - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Low-Income Family or Geography - An income level that is less than 50% of the MFI.

Moderate-Income Family or Geography - An income level that is at least 50% and less than 80% of the MFI.

Middle-Income Family or Geography - An income level that is at least 80% and less than 120% of the MFI.

Upper-Income Family or Geography - An income level that is 120% or more of the MFI.

Metropolitan Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Net Operating Income - As listed in the Consolidated Report of Condition and Income: Income before income taxes and extraordinary items and other adjustments. (Schedule RI - Income Statement, line 8)

Pass Through Receivables - Outstanding receivables tied to all accounts issued or owned by the bank regardless of the balances of those receivables being carried on the bank's books or sold to another entity. The bank provides this information.

Tier 1 Capital - The total of common shareholders equity, perpetual preferred shareholders equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Total Assets - Total bank assets as listed in the Consolidated Report of Condition and Income.

Total Income - From the Consolidated Report of Condition and Income -- Total Interest income plus Total noninterest income.

